DEFENSE ENERGY SUPPORT CENTER
Preproposal Conference



Fort Polk, Louisiana

Utilities Privatization

Kimberly Binns/Terri Workman

August 12, 2004

Agenda

- Review Solicitation
- Required Information/Submittals
- Milestones/Timelines
- Defense Energy Support Center POCs
- Question and Answer Period

Purpose of the RFP

- Sell System Infrastructure
- Acquire O&M Service Contract
- Will privatize if
  - Long-term benefit exceeds long-term cost

Notes:

1. Purchase of the Commodity is not Included in the RFP
2. Selection of Contractor will be Based on Best-Value Determination
3. Government Reserves the Right Not to Award the Contract

Systems in the RFP

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Fort Polk, Louisiana

- Electric Distribution System
- Natural Gas Distribution System
- Water Distribution System
- Wastewater Collection System

NOTE: Proposals due 15 November 2004

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Section B – Supplies or Services and Prices/Costs

- **All or None (B.2)**
  - Allowed but not required
  - If all or none is offered
    - Must provide a separate price schedule (B-1through B-4 as applicable) for each contract line item
- **Service Charges**
  - Fixed Monthly Charge
  - Monthly Credit as Payment for Purchase Price

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Section B – Supplies or Services and Prices/Costs

- **Type of Contract – 4 options**
  - –Tariff
  - –Firm Fixed Price
  - –Fixed Price with Economic Price Adjustment
  - –Fixed Price with Redetermination

Type of Contract

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1) Tariff Rate

- Regulated Utilities
  - May Propose Tariff Pricing Instead
  - Tariff Must be Fully and Independently Regulated (a “state-wide” public utility regulatory authority with jurisdiction over the contractor)
  - Tariff Removes CAS Requirement

Type of Contract

2) Firm Fixed Price

- Fixed monthly charge over the 50 year period

3) Fixed Price Economic Price Adjustment

- A price escalator is given by offeror
- Source location and website location, if applicable, must be provided.
- Must give adjustment methodology (whether adjusted annually or monthly)

Type of Contract

4) Fixed Price Contract with Prospective Price Redetermination

- Prices for Initial Capital Upgrades Remain Fixed Throughout the Contract
- Prices for Operations & Maintenance (O&M) and Renewals & Replacements (R&R) Remain Fixed for the First Two Years of Contract
- Prices for O&M and R&R may be Renegotiated After Two Years and Every Three Years Thereafter

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Section C – Description/Specifications/Work Statement

– Contains general requirements applicable to all locations (C.3)

–Performance Standards (C.3.2) – required to adhere at a minimum, to specified industry standards

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Section C – Description/Specifications/Work Statement

- **Response to Service Interruptions and Contingencies (C.7)**
  - Procedures and provisions for handling service interruptions in Service Interruption/Contingency Plan

- **Coordination of Work (C.9)(Installation Specific details in Section J)**
  - Types of Service Requests
    - Example, Emergency Service Request Response Times

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Section C – Description/Specifications/Statement of Work

- **Environmental Compliance (C.10)**
  - –Comply with applicable environmental laws and regulations

Technical Overview of the RFP

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Section C – Description/Specifications/Statement of Work

• Upgrades and Renewals and Replacements (C.11)

- Initial Capital Upgrades identified in the Section J should be adhered to by the Offeror and submitted in Proposal
- Future Capital Upgrades Submitted Under Annual Capital Upgrades and Renewals and Replacements Plan (Years 1 – 5)
- Reimbursement of future upgrades (other than

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Section C – Description/Specifications/Statement of Work

- **Operations and Maintenance (C.12)(L.4.2)**

  –Establish and adhere to a Quality Management Plan to ensure safe and reliable operation of the system(s)

  –Consistent with all applicable laws/regulations and requirements of utility-specific attachments (Section J)

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Section C – Description/Specifications/Statement of Work

- **Operational Transition Plan (C.13)(L.4.4)**
  - –Describes plan for transfer of the utility system
  - –Ensures continuous service from the Government to new owner
  - –Contractor proposes performance start date
  - –Includes detailed joint inventory of facilities,

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Section F, G, and H – Solicitation Provisions/Clauses

- **Section F – Deliveries or Performance**
  - –Utilities Service Contract Term – 50 years
- **Section G – Contract Administration Data**
  - –Contracting Officer's Representative
  - –Submission and Payment of Invoices
  - –Accounting Procedures
    - The Contractor shall maintain a system of accounts acceptable to the Government as necessary

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Section F, G, and H – Solicitation Provisions/Clauses Con't

- **Section H – Special Contract Provisions**
  - –Insurance Requirements (H.2.2)
  - –Hazardous Substances (H.7)
    - Contractor must comply w/all applicable laws and regulations.

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Section I and J – Solicitation Provisions/Clauses/ Attachments

- **Section I – Contract Clauses Incorporated by Reference and in full text**
  - –Federal Acquisition Regulation (FAR)
  - –Defense FAR Supplement (DFARS)
  - –Clauses for regulated entities (I.4)
  - –Clauses for non-regulated entities (I.5)
- **Section J – Base-Specific Utility-Specific Attachments**
  - –Base Distribution System Description
  - –Specific Service Requirements

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Section J and K – Solicitation Provisions/Clauses

- **Section J – (continued)**

  –Submittals

  –Service Area and Off Installation Sites

  –Transition Requirements

  –Government Recognized Deficiencies (issues above are addressed in the Utility Specific Section J)

- **Section K – Representations, Certifications & Other Statements of Offerors**

  –Fill-ins must be completed and provided along with offer

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Section L – Instructions, Conditions, and Notices to Offerors

- **Site Visits and Technical Library (L.2.1.5 and L.2.1.6)**
  - –Site Visits:
    - Following industry preproposal conference, to be held on Friday, August 13, 2004.
  - –Technical Library
- **Proposal Preparation Instructions (L.3)**

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Section M – Evaluation Factors for Award

- **Evaluation Factors and Subfactors (M.3)**
  - –Factor 1: Technical Capability
    - Subfactor 1: Service Interruption/Contingency Plan
    - Subfactor 2: Operations and Maintenance Plan and Quality Management Plan
    - Subfactor 3: Capital Upgrades and Renewals and Replacements Plan
    - Subfactor 4: Operational Transition Plan
    - Subfactor 5: Financial Strength

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Section M – Evaluation Factors for Award Con't

- **Evaluation Factors and Sub-Factors Con't (M.3)**
  - –Factor 2: Past Performance
  - –Factor 3: Risk
    - Subfactor 1: Performance
    - Subfactor 2: Assurance of Long-term Price and Service Stability
    - Subfactor 3: Cost/Price Realism
  - –Factor 4: Socioeconomic Plan
  - –Factor 5: Price

- Objective is to select the proposal that represents the Best Value

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- **Order of Importance for Evaluating Factors and Sub-Factors (M.3.1)**
  - Technical Capability, Past Performance, and Risk are of approximately equal importance.
  - When combined, Technical Capability , Past Performance, Risk, and Socioeconomic Commitment are somewhat more important than Price.

Proposal Preparation Instructions

- **Proposal Organization/Page Limits**

Volume	Title	Max. Page Limit
I	Technical Proposal	200 (Per System)
II	Past Performance	50 (Total)
III	Contract Documentation	None
IIII	Price Proposal	None

- **All Volumes – Provide One Hardcopy**
  - Provide 1 original and 4 CD ROMs with Technical, Past Performance, Contract Documentation & Price on each

Note: For Hardcopy…Provide a Separate Binder for Each Volume for Each Utility System; For CD copy…Each Volume must be separate file.

Required Information/Submittals

- **Past Performance References – due when proposal is submitted**
- **Proposal – due 15 Nov 04**
  - –(1 original and 4 CD's)
  - –Technical
  - –Past Performance Information
  - –Contract Documentation
  - –Price Proposal

Required Information/Submittals

- **Contract Documentation**
  - –SF 33 – Fill-in and sign
  - –Section K (Representations and Certifications)
  - –Exceptions to Terms and Conditions
  - –Subcontracting Plan – large business only
  - –Socioeconomic Plan – all businesses

The Four Volumes
- Technical -

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- **Technical**
  - Service Interruption/Contingency Plan
  - Quality Management Plan
  - Capital Upgrades & Renewals & Replacements Plan
  - Operational Transition Plan

The Four Volumes
- Technical -



- **Service Interruptions/Contingency Plan**
  - Purpose: To Address Your Capability to Respond to Outages and to Emergency, Urgent, & Routine Service Calls
  - Common Proposal Shortfalls
    - Not Indicating if You will Comply with Emergency, Urgent, & Routine Response/Completion Times
    - Not Indicating if You will Comply with the Installation's Excavation Permit Process
    - Not Indicating if You will Allow the Installation to Reschedule Routine Outages if They Adversely Affect Mission/Operations

Note: Regulated utilities who have submitted similar documents to their regulatory commission may submit those documents in lieu of requested plan.

The Four Volumes - Technical -

- **Quality Management Plan**
  - Purpose: To Identify Your Performance Standards and O&M Policies & Procedures
  - Common Proposal Shortfalls
    - Not Addressing Performance Standards for Each Line Item in Table L-1
    - Not Addressing the Procedures You Use (Tests, Inspections, etc) to Ensure Compliance with the Performance Standards for Each Line Item in Table L-1
    - Not Addressing the Metrics You Use to Monitor the Success of Your Procedures
    - Providing Qualifications of the Incumbent Staff Rather Than Qualifications of the Positions They Fill

Note: Regulated utilities who have submitted similar documents to their regulatory commission may submit those documents in lieu of requested plan, however,one or the other must be submitted.

The Four Volumes
- Technical -

- **Capital Upgrades & Renewals & Replacements Plan**
  - Purpose: To Identify the Capital Upgrades & Renewals & Replacements You Intend to Accomplish
  - Common Proposal Shortfalls
    - Not Providing an Initial 5-Year Plan
    - Not Addressing the Installation's List of Improvements (RFP Section J Attachments) in Your 5-Year Plan
    - Not Providing a Year-by-Year, 50-Year Plan for Renewals & Replacements

Note: Regulated Utilities are not required to submit 50-year plan for R&R.

The Four Volumes
- Technical -



- **Operational Transition Plan**
  - Purpose: To Show How You Will Provide a "Seamless" Transition from Gov't to Contractor Operations
  - Common Proposal Shortfalls
    - Not Identifying the Person(s) Authorized to Sign for the Transfer of Inventory
    - Not Indicating if Joint Maintenance Operations are Desired and, if so, When They will Occur
    - Not Stating When the Requested New Meters will be Installed
    - Not Indicating When the Initial, Joint Meter Readings will take Place

Note: Transition plan must be submitted by Regulated & Non-Regulated Utilities

The Four Volumes
- Price -

Schedule B-1

- Purpose: To Indicate Applicable Tariff, Monthly Credit as Payment for Purchase Price, Initial Capital Upgrades/Connection Charges, and Recoverable Portion of Purchase Price.
- Common Proposal Shortfalls
  - Not Realizing the Net Present Value of the Recovery of the Purchase Price exceeds the Net Present Value of the Purchase Price Itself.

Note: Schedule B-1 is for use by Regulated Utilities

The Four Volumes
- Price -

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Schedule B-1

- **Applicable Tariff(See B.5.1)**
- **Monthly Credit as Payment for Purchase Price(see B.5.2)**

  $_____ Monthly Credit

  _____ # months

  _____ Interest Rate

- **Initial Capital Upgrades/Connection Charges**
  - See B.5.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
  - See B.5.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA

The Four Volumes
- Price -

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Schedules B-2, B-3, and B-4

- Purpose: To Indicate Fixed Monthly Charge, Monthly Credit as Payment for Purchase Price, Initial Capital Upgrades, and Recoverable Portion of Purchase Price
- Common Proposal Shortfalls
  - Not Realizing the Net Present Value of the Recovery of the Purchase Price exceeds the Net Present Value of the Purchase Price Itself.

Note: Schedule B-2 is for use by Non-Regulated Utilities

The Four Volumes
- Price -

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Schedule B-2 Firm Fixed Price Proposal

- **Fixed Monthly Charge (see B.6.1 and B.7.2)**
  - The contractor shall provide utility service in accordance with Section C, *Descriptions, Specifications, and Work Statement.*
  - Fixed Term (Months): _____
- **Monthly Credit as Payment for Purchase Price(see B.6.2)**

  $_____ Monthly Credit

  _____ # months

  _____ Interest Rate

The Four Volumes
- Price -

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Schedule B-2 (cont'd)

- **Initial Capital Upgrades/Connection Charges**
  - See B.5.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
  - See B.5.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA

The Four Volumes
- Price -

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Schedule B-3 Fixed-Price Economic Price Adjustment Proposal

- **Fixed Monthly Charge (see B.6.1 and B.7.2)**
  - The contractor shall provide utility service in accordance with Section C, *Descriptions, Specifications, and Work Statement.*
  - *INDEX FOR ESCALATION (Year 1 THROUGH Year N)*

    Internet Location of Index _____ (KTR fill in)
    Adjustment Methodology (e.g. Annual or Monthly) _____
- **Monthly Credit as Payment for Purchase Price(see B.6.2)**

  $_____ Monthly Credit
  _____ # months
  _____ Interest Rate

The Four Volumes
- Price -

Schedule B-3 (cont'd)

- **Initial Capital Upgrades/Connection Charges**
  - See B.6.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA**.**
- **Recoverable Portion of Purchase Price**
  - See B.6.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA

The Four Volumes
- Price -

Schedule B-4 Fixed-Price with Prospective Price Redetermination

- **Fixed Monthly Charge (see B.6.1 and B.7.2)**
  - The contractor shall provide utility service in accordance with Section C, *Descriptions, Specifications, and Work Statement.*
- **Monthly Credit as Payment for Purchase Price (see B.6.2)**

  $_____ Monthly Credit

  _____ # months

  _____ Interest Rate

The Four Volumes
- Price -

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Schedule B-4 (cont'd)

- **Initial Capital Upgrades/Connection Charges**
  - See B.6.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
  - See B.6.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA

The Four Volumes
- Price -

Schedule 1 – Fixed Monthly Charge (B.7.2)

- Purpose: To Indicate the Monthly Charge for O&M and R&R
- Common Proposal Shortfalls (For Non-Regulated)
  - Not Indicating Exactly How You Computed Your O&M Costs (Manpower, Materials, Transportation, Supplies, Etc)
  - Not Explaining (Mathematically) How You Converted Your O&M Costs to a Monthly O&M Charge
  - Not Explaining (Mathematically) How You Used the Price Data Shown in Schedule 2 to Derive Your Monthly Charge for R&R

Note: Schedule 1 must be submitted by Regulated & Non-Regulated Utilities

The Four Volumes
- Price -

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Schedule 1 (B.7.2) Calculation of Fixed Monthly Charge

Component	Monthly Charge	Annual Charge
1. Operations and Maintenance (O&M)		
2. Renewals and Replacements (R&R)		
Total Fixed Monthly Charge (to be entered in Sub-CLIN AA for schedules B-2, B-3, B-4)		

The Four Volumes
- Price -

Schedule 2 - Renewals and Replacements (B.7.3)

- Purpose: To Indicate Price & Description of R&R for Each of the 50 Years of the Contract .
- Common Proposal Shortfalls
  - Not Providing a Description of the R&R for Each of the Years of the Contract addressed above
  - Not Providing a Price for the R&R for Each of the Years of the Contract addressed above

Note: Regulated utilities are not required to submit a Schedule 2

The Four Volumes
- Price -

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Schedule 2 (B.7.3) R&R Schedule

NOTE: Offerors shall list each project individually by year.

Year	Dollar Amount	Description of Renewal and Replacement
200X		
200X+1		
200X+2		
200X+50		

The Four Volumes
- Price -

Schedule 3 – Initial Capital Upgrade(s)/Connection Charge(s) (B.7.4)

- Purpose: To Indicate Prices for Initial Capital Upgrades
- Common Proposal Shortfalls
  - The List of Proposed Initial Capital Upgrades Shown in Technical Volume does not Match the List of Proposed Initial Capital Upgrades in Schedule 3.
  - Not Including the Improvement Projects (Recommended by the Installation in RFP Section J Attachments) that You Intend to Accomplish
  - Not Realizing Monthly Payments for a Specific Project will not Begin Until Construction of that Specific Project is Complete

Note: Schedule 3 must be submitted by Regulated & Non-Regulated Utilities

Question and Answer Period

- Submit detailed questions regarding solicitation electronically in writing via MS Word, text or email (no PDF).
- DESC will disseminate all responses to questions via RFP Amendment.
- DESC will be the single point of contact regarding this solicitation. All questions should go through Terri Workman or Kimberly Binns.

Defense Energy Support Center POCs

- **Contracting Officer**
  - Terri A. Workman, (703) 767-8130, terri.workman@dla.mil
- **Contract Specialist**
  - Kimberly Binns, (703) 767-9652 kimberly.binns@dla.mil
- **Technical Lead**
  - Kevin McCulla, (703) 767-8150 kevin.mcculla@dla.mil
  - Gary Cox, Northrup Grumman, (703) 767-8333 gary.cox@dla.mil

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Questions and Answers

DESC Website:

http://www.desc.dla.mil/DCM/DCMPage.asp?pageid=246